

Exhibit 2

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION

NETLIST INC., a Delaware
corporation,

Plaintiff,

vs.

SAMSUNG ELECTRONICS CO.,
LTD. a Korean corporation,

Defendant.

Case No. 8:20-cv-00993-MSC-ADS

JOINT STATUS REPORT

Hearing Date:
Joint Report Due:

Pursuant to this Court's minute order dated November 13, 2023 (Dkt. 341), Plaintiff Netlist Inc. ("Netlist") and Defendant Samsung Electronics Co., Ltd. ("Samsung"), by their undersigned attorneys, hereby file this Joint Status Report.

I. CASE STATUS

A. Prior District Court Proceedings

Netlist filed this case on May 28, 2020, alleging that Samsung had breached the parties' Joint Development and License Agreement ("JDLA") by, among other things, failing to supply Netlist with certain memory products (NAND and DRAM) on request. Dkt. 1. Netlist also sought a declaration that it had properly terminated the JDLA as a result of these breaches. *Id.* On August 16, the parties cross moved for summary judgment on the issues of breach and termination. Dkts. 142, 150. The Court

1 granted Netlist's motion and denied Samsung's. Dkt. 186. The case then proceeded
2 to a trial on Netlist's claim for damages for breach of the supply obligation under
3 Section 6.2 of the JDLA. The jury returned a verdict of no damages. Dkt. 276. This
4 Court awarded nominal damages and entered judgment. Dkt. 306.

5 **B. Ninth Circuit Appeal**

6 On October 17, 2023, the Ninth Circuit partially reversed the Court's summary
7 judgment ruling. As it pertains to the issues remaining before the Court, the Ninth
8 Circuit concluded that "the district court erred in granting Netlist summary judgment
9 on its claim that Samsung violated § 6.2 of the Joint Development and License
10 Agreement ('JDLA')." *Netlist Inc. v. Samsung Elecs. Co.*, No. 22-55209, 2023 WL
11 6820683, at *1 (9th Cir. Oct. 17, 2023). The Ninth Circuit "remand[ed] to the district
12 court to consider in the first instance whether the extrinsic evidence 'creates a genuine
13 issue of material fact' as to the provision's meaning." *Id.* at *2.

14 The Ninth Circuit also concluded that "[t]he district court erred in granting a
15 declaratory judgment that Netlist properly terminated the JDLA because disputed fact
16 issues precluded summary judgment on the materiality of Samsung's alleged breach
17 of § 6.2." *Id.* at *3.

18 Netlist additional statement:

19 The Ninth Circuit concluded that "The district court correctly precluded
20 Samsung from asserting at trial affirmative defenses of waiver, estoppel, and
21 acquiescence." *Id.* The panel also "reject[ed] Samsung's contention that Netlist's
22 declaratory-judgment claim fails for the independent reason that Netlist waived its
23 right to terminate the contract by delaying termination proceedings until 2020. The
24 district court properly determined that given the JDLA's no-waiver provision,
25 Netlist's failure to act upon notice of the breach does not constitute a clear
26 manifestation of intent to waive its termination rights." *Id.* The Ninth Circuit also
27 rejected Samsung's argument that nominal damages were not appropriate upon a
28 finding of material breach of Section 6.2. *Id.* at *2, n.1.

1 **II. PROPOSED SCHEDULE**

2 **A. Netlist's Proposal**

3 **1. Motion to Stay This Case Until After the April 15, 2024 East**
4 **Texas Trial**

5 Netlist will soon file a motion to stay this case until after the April 15 trial in
6 the Eastern District of Texas during which the jury will consider Samsung's claim
7 that (1) the JDLA grants it license rights to Netlist's patents that covers its commercial
8 products, and (2) that the license has not been properly terminated. The issues that
9 remain to be decided in the Central District case are: whether the extrinsic evidence
10 "creates a genuine issue of material fact as to [§ 6.2's] meaning," and if so, a trial on
11 the proper interpretation of § 6.2; and materiality of breach of § 6.2 for purposes of
12 Netlist's termination of the JDLA. These same issues will be addressed in a patent
13 infringement case (the "Infringement Action") in the Eastern District of Texas
14 between Netlist and Samsung that is scheduled for trial on April 15, 2024 before Chief
15 Judge Rodney Gilstrap. In East Texas, Samsung has formally raised the JDLA as an
16 affirmative defense to a claim of patent infringement. There are two elements to
17 Samsung's defense that will be heard by the Jury on April 15: (a) Netlist did not
18 properly terminate the agreement because there was no material breach; (b) the JDLA
19 grants a license to Samsung's current commercial products (the "Complete JDLA
20 Defense"). (a) is the same issue that is before the Central District; (b) is an issue that
21 is only before the Eastern District. Events have occurred since this Court entered
22 judgement that strongly support trying (a) and (b) together as a matter of due process.
23 Netlist thus intends to formally move for a brief stay of this case pending completion
24 of the trial on the Infringement Action.

25 The Infringement Action was prompted by Samsung's decision to rush to a
26 different court one day after this Court issued its summary judgment order and seek a
27 declaration in the District of Delaware (the "Declaratory Relief Action") that
28 Samsung did not infringe certain Netlist patents. *Samsung Elecs. Co. v. Netlist, Inc.*,

1 Case No. 1:21-cv-01453, Dkt. 1 (D. Del. Oct. 15, 2021). Despite this Court’s
2 summary judgment ruling, Samsung asserted in Delaware that “[it] believes that it is
3 licensed to the Patents-in-Suit under [the JDLA].” *Id.* ¶ 2. Samsung also asserted a
4 license defense in response to Netlist’s counter claims for infringement. *Id.*, Dkt. 62
5 at 26-30. It is unclear why Samsung filed in Delaware as opposed to the Central
6 District, but the effect was to create a waste of resources. Samsung memory modules
7 are manufactured outside of the United States. Samsung’s lead US affiliate, Samsung
8 Electronics America, did not join in the Declaratory Relief Action and cannot be sued
9 in Delaware. Because of the states of incorporation and facility locations for
10 Samsung’s relevant US subsidiaries, Netlist in response filed two patent infringement
11 suits against Samsung and its US affiliates in the Eastern District of Texas. As
12 between Delaware, the Central District, and East Texas, all of the relevant Samsung
13 affiliates can only be sued in East Texas. Judge Andrews in the District of Delaware
14 concluded that Netlist’s suit against Samsung should appropriately proceed in Texas.
15 *Id.*, Dkt. 37 at 6-10. Since this Court entered final judgment, Samsung filed its appeal
16 to the Ninth Circuit, and those infringement suits have been proceeding apace. The
17 first suit (“*Samsung I*”) has already been tried to a verdict of infringement and validity.
18 The second suit is the Infringement Action which goes to trial on April 15, 2024.

19 Samsung is attempting to vacate the *Samsung I* judgment based on the
20 Complete JDLA Defense. And Samsung has formally pled the Complete JDLA
21 Defense as an affirmative Defense in the Infringement Action. Samsung has moved
22 to stay the Infringement Action on the ground that its license defense should be
23 adjudicated in this Court. Netlist has opposed that motion on the ground that the
24 Eastern District of Texas is the proper forum to adjudicate Samsung’s license defense.
25 As explained above, the Eastern District is the only court currently addressing both
26 the scope of the JDLA’s license and Netlist’s termination of the JDLA, as well as
27 Netlist’s claim for infringement. That motion to stay is fully briefed, and a decision
28 from Judge Gilstrap is pending. If Judge Gilstrap grants Samsung’s request for a stay,

1 Netlist requests that it be permitted to amend its claims here to include a declaration
2 regarding the scope of the JDLA's license grant so both license scope and termination
3 can be addressed in the same proceeding.

4 Samsung wants to get away from East Texas because it has adopted opposite
5 positions in the Ninth Circuit and East Texas regarding the scope of Netlist's license
6 grant in the JDLA, and mutually inconsistent positions regarding the scope of the
7 supply clause and scope of the license grant in the JDLA. As seen below, neither
8 Samsung's supply commitment nor Netlist's license grant make any reference to the
9 joint development project:

10 Below are the four clauses in the JDLA that Samsung relied on before the
11 Ninth Circuit:

12 WHEREAS, in connection with their collaboration hereunder, the Parties wish to grant to each
13 other a cross license under each Party's patents.

14 3.1 Fees and Costs. Samsung shall pay to Netlist eight million United States dollars (US
15 \$8,000,000) as non-refundable NRE fees within seven (7) business days from the date of
16 Samsung's receipt of invoice issued by Netlist on or after the Effective Date. Except as provided
17 herein, each Party shall bear its own costs and expenses with respect to any development work
18 and provision of any Deliverables under this Agreement.

17 6.2 Supply by Samsung. Samsung will supply NAND and DRAM products to Netlist on
18 Netlist's request at a competitive price (i.e., among customers purchasing similar volumes of
19 similar products).

19 8.2 License to Samsung. Netlist, on its own behalf and on behalf of its Subsidiaries, hereby
20 grants, and shall grant, to Samsung and its Subsidiaries a perpetual (subject to Section 13.3),
21 paid-up, worldwide, non-exclusive, non-transferable, non-sublicensable license under Netlist's
22 Licensed Patents to make and have made (subject to Section 8.4) Samsung's Licensed Products,
23 and to use, sell, offer for sale, import and otherwise transfer or dispose of such products.

24 Dkt. 289-1. In East Texas, Samsung stated that "the reality is that JDLA was in no
25 way limited to jointly developed products." *Netlist, Inc. v. Samsung Elec. Co. Ltd.*
26 No. 2:21-cv-463-JRG (E.D. Tex.), Dkt. 426, 28:8-29:14. In Ninth Circuit Samsung
27 argued "And when you look at the recitals, what does it say about the licenses?
28 Whereas in connection with their collaboration hereunder, the parties wish to grant to
each other a cross-license under each party's patents. *The licenses are being given in*

1 *connection with the collaboration. That's the joint development project."* *Netlist v.*
2 *Samsung*, No. 22-cv-293 (E.D. Tex.) Dkt. 210-2 (9th Cir. Hearing Tr. excerpt) at
3 15:20-21. If Samsung had told the Ninth Circuit that the license grant was not limited
4 to the joint development, the basis for its argument that the supply clause is implicitly
5 limited to joint development would have collapsed.

6 Samsung represented (as an undisputed fact) that "it considered the \$8 million
7 as consideration for Netlist's grant of patent licenses" Dkt. 168-2, fact #62.
8 However, in the Ninth Circuit, Samsung represented that "there's an \$8 million NRE
9 fee that's paid. It's clearly for the joint development project, but it doesn't say it's
10 specifically for the joint development project." *Netlist v. Samsung*, No. 22-cv-293
11 (E.D. Tex.) Dkt. 210-2 (9th Cir. Hearing Tr. excerpt) at 8:16-24.

12 Samsung's complete JDLA defense requires it to argue that a joint development
13 product limitation should be read into the supply clause, but this same limitation
14 should not be read into the license grant.¹ East Texas is the only forum in which this
15 litigation tactic of taking entirely opposite positions can be addressed, because the
16 scope of the license grant is not currently at issue here. There is pending briefing
17 before Judge Gilstrap seeking a finding that Samsung is estopped from claiming that
18 the license covers its commercial products. If this motion is granted, or if the East
19 Texas jury finds that the license does not include Samsung's commercial products
20 (consistent with Samsung's representations to the Ninth Circuit), the breach of
21 contract case before this Court becomes effectively moot.

22 **2. Netlist's Proposed Schedule If There Is No Stay**

23 If, however, the Court declines to stay this action, Netlist requests that the Court
24 set a trial date and proposes the dates set forth below consistent with this Court's
25

26 ¹ Samsung represents that Judge Gilstrap already decided the scope of the license
27 grant. Judge Gilstrap ruled the exact opposite: "So you've got a license -- Samsung's
28 got a license defense up until July 15th, 2020, and you don't have one after July 15th,
2020. What falls within that license as prescribe by the other terms of the JDLA is a
fact question." *Netlist, Inc.*, No. 2:21-CV-463-JRG (E.D. Tex.) Dkt. 426, 59:19-25.

1 default case schedule worksheet. In the event that this Court denies a stay, Netlist also
2 requests following:

3 ***Amended Pleadings.*** If the Court declines to stay this case and Judge Gilstrap
4 grants Samsung's motion to stay the Infringement Action, Netlist will file a motion
5 seeking leave to amend its pleadings to include a declaration regarding the scope of
6 Samsung's license. Samsung has already indicated it opposes this motion, allowing
7 it to continue to take entirely inconsistent statements.

8 ***Production of discovery from Eastern District of Texas.*** There is no need for
9 additional fact discovery in this case; however, if this case proceeds, Netlist will file
10 a motion seeking leave to cross-use of fact depositions and documents from the
11 Eastern District of Texas litigations (just as the parties have agreed to cross-use of
12 fact depositions and documents from this case in the Eastern District). Fact discovery
13 from the Eastern District of Texas is directly relevant to this dispute. For example,
14 Samsung's corporate representative on the JDLA in East Texas (Vice President
15 Indong Kim) testified that Samsung's failure to supply product to Netlist was
16 unethical and that he treated the supply obligation as applying to product beyond the
17 joint development project.

18 Samsung reports below that it will oppose the use of the testimony of its
19 corporate representatives as to JDLA issues from the Eastern District of Texas
20 proceeding. Samsung appears to believe corporate representatives have the right to
21 take entirely inconsistent factual positions in different courts without consequence
22 because discovery is closed. Fed. R. Civ. Pro. 32(a)(1)(3) definitively answers this
23 question: "an adverse party may use for any purpose the deposition of a party or
24 anyone who, when deposed, was the party's officer . . . or designee under Rule
25 30(b)(6)" "A deposition lawfully taken . . . in any federal- or state-court action
26 may be used in a later action involving the same subject matter between the same
27 parties, or their representatives or successors in interest, to the same extent as if taken
28 in the later action." Fed. R. Civ. Pro. 32(a)(8). In the Ninth Circuit, a corporation

cannot contradict the theory of facts presented by a Rule 30(b)(6) witness. *Snapp v. United Transp. Union*, 889 F.3d 1088 (9th Cir. 2018) (“[A] corporation generally cannot present a theory of the facts that differs from that articulated by the designated Rule 30(b)(6) representative....”).

Supplemental Expert Reports. Netlist will also seek leave to file supplemental expert reports, not to include new opinions, but to update prior opinions including based on information from the Eastern District.

Proposed case schedule:

Event	Date
Deadline to amend complaint to add declaration as to license scope	20 weeks before final pre-trial conference
Supplemental expert reports	18 weeks before final pre-trial conference.
Last day to hear arguments on whether the extrinsic evidence creates a genuine issue of material fact as to the meaning of JDLA § 6.2. ²	12 weeks before final pre-trial conference <ul style="list-style-type: none"> • Briefs due 5 weeks before hearing • Oppositions due 2 weeks after briefs are filed • Replies due 1 week after oppositions
Deadline to complete settlement conference	10 weeks before final pre-trial conference
Trial filings (first round) <ul style="list-style-type: none"> • Motions in Limine • Memoranda of Contentions of Fact and Law [L.R. 164] • Witness Lists [L.R. 165] • Joint Exhibit List [L.R. 166.1] • Joint Status Report Regarding Settlement 	3 weeks before final pre-trial conference

² The Ninth Circuit explicitly remanded to this Court “to consider in the first instance whether the extrinsic evidence “creates a genuine issue of material fact” as to the provision's meaning.”. *Netlist Inc. v. Samsung Elecs. Co.*, No. 22-55209, 2023 WL 6820683, at *2 (9th Cir. Oct. 17, 2023)

Event	Date
<ul style="list-style-type: none"> Trial filings (second round) • Oppositions to Motions In Limine • Joint Proposed Final Pretrial Conference Order [L.R. 167] • Joint/Agreed Proposed Jury Instructions • Disputed Proposed Jury Instructions • Joint Proposed Verdict Forms • Joint Proposed Statement of the Case • Proposed Additional Voir Dire Questions, if any 	2 weeks before final pre-trial conference
Final pre-trial conference	4 weeks before trial
Trial	—

B. Samsung's Proposal

Netlist's request to stay this case in favor of its later-filed patent litigation in the Eastern District of Texas is meritless from start to finish, and Samsung will oppose it.

This sort of blatant forum shopping should be rejected out of hand. Netlist—not Samsung—filed this suit in the Central District of California in May 2020, asserting that Samsung breached Section 6.2 and Section 3.1 of the Joint Development and License Agreement (“JDLA”), and seeking a declaration that Netlist's termination of the JDLA was legally valid. After Netlist prevailed on liability before this Court at summary judgment in October 2021, thereby invalidating Samsung's license to practice Netlist's patents, Netlist filed a patent infringement action in the Eastern District of Texas in December 2021, specifically citing as a basis for its infringement allegations this Court's summary judgment decision.

1 Netlist successfully insisted before the Texas court that this Court's
2 invalidation of Samsung's patent license precluded Samsung's license defense against
3 its infringement allegations. Netlist also successfully opposed Samsung's motion to
4 stay the Texas proceedings pending the Ninth Circuit's resolution of Samsung's
5 appeal; and was awarded hundreds of millions of dollars in infringement damages by
6 a jury. Only now that the Ninth Circuit has reversed this Court's determinations that
7 Samsung breached the supply provision and that Netlist properly terminated the
8 JDLA (and remanded for further proceedings), Netlist has decided it no longer likes
9 this forum and would prefer that the Eastern District of Texas consider the very
10 breach-of-contract and license termination claims that Netlist originally filed in this
11 Court—claims that the Ninth Circuit, in its mandate, ordered this Court to decide on
12 remand..

13 A court may stay proceedings only if equity warrants a stay, and Netlist's
14 inequitable forum shopping is reason enough to deny its request. *See, e.g., Adler v.*
15 *Fed. Republic of Nigeria*, 219 F.3d 869, 876-77 (9th Cir. 2000) (“[T]he unclean hands
16 doctrine ‘closes the doors of a court of equity to one tainted with inequity of bad
17 faith relative to the matter in which he seeks relief’” (quoting *Precision Instr.*
18 *Mfg. Co. v. Auto. Maint. Mach. Co.*, 324 U.S. 806, 814 (2000)); *Kendall-Jackson*
19 *Winery, Ltd. v. E. & J. Gallo Winery*, 150 F.3d 1042, 1053 (9th Cir. 1998) (holding
20 that party's “inequitable conduct precludes it from receiving equitable relief”). But
21 even setting Netlist's inequitable conduct aside, a stay must be denied for five simple
22 reasons, which are discussed in more detail below in section II.B.1.

- 23 • The Ninth Circuit mandate precludes the stay requested by Netlist. In its
24 October 17, 2023 memorandum decision, the Ninth Circuit remanded to this
25 Court “to consider in the first instance whether the extrinsic evidence ‘creates
26 a genuine issue of material fact’ as to [Section 6.2 of the Joint Development
27 and License Agreement]’s meaning.” Memorandum, ECF No. 334. When the
28 Court reopened the case on November 13, 2023, the Court made clear to the

1 parties that the case “will proceed consistent with the memorandum decision
2 and mandate” of the Ninth Circuit. Minute Order, ECF No. 340. Granting
3 Netlist’s request for a stay so that Netlist can go ask a *different* court to consider
4 the very issues the Ninth Circuit directed this Court to consider would be
5 irreconcilable with the Ninth Circuit’s mandate.

- 6 • Netlist’s request for a stay violates the well-established first-to-file rule, which
7 precludes the very type of forum shopping in which Netlist is engaged by
8 mandating that when two federal courts are considering the same or
9 substantially similar issues, the issue should be decided by the Court that first
10 obtained jurisdiction (here, this Court).
- 11 • Netlist’s request for a stay contradicts Netlist’s own prior arguments before the
12 Eastern District of Texas that this Court’s determination of the validity of
13 Samsung’s license must control the patent infringement proceedings in that
14 court.
- 15 • Discovery in this case is complete as to the license interpretation and breach
16 issues the Ninth Circuit mandated this Court to address, and those issues could
17 be dispositive of the Eastern District of Texas patent litigation, where discovery
18 is ongoing. Efficiency dictates resolving those issues here on an already-
19 complete record.
- 20 • And, finally, Netlist’s primary argument for a stay—namely, that both the
21 validity (which is before this Court) *and* scope (which is not) of Samsung’s
22 patent license must be considered together and only the Eastern District of
23 Texas can consider both issues—is not only wrong on the merits but is
24 precluded as a matter of law (via collateral estoppel, as explained in more detail
25 later): Netlist somehow fails to mention that Judge Gilstrap in the Eastern
26 District of Texas already ruled against Netlist as to the scope of Samsung’s
27 patent license, and that the court’s judgment as to the scope of the license
28 absolutely precludes Netlist from further trying to reargue that decision, which

1 has now matured into a final decision in the Eastern District of Texas

2 Consistent with the Ninth Circuit's memorandum decision and mandate,
3 Samsung thus requests that the Court deny a stay and enter a schedule for
4 supplemental summary judgment briefing on the question whether the extrinsic
5 evidence creates a genuine issue of material fact as to the meaning of Section 6.2.
6 Samsung proposes 30 days for each side to file opening briefs, and 15 days thereafter
7 for each side to file responsive briefs. The purpose of the supplemental briefing is to
8 allow the parties to focus on the specific evidence, facts, and legal arguments related
9 to the narrow question the Ninth Circuit directed this Court to decide. Contrary to
10 Netlist's suggestion, ***the parties should be limited to the original summary judgment***
11 ***record already before the Court.*** Both parties already had a full and fair opportunity
12 in this case to conduct discovery and introduce evidence in the prior summary
13 judgment proceedings, and it would be an obvious waste of time to reopen that already
14 completed process. Netlist has also failed to show any cause to reopen discovery or
15 the summary judgment record in this case.

16 Indeed, Netlist now likely realizes that the extrinsic evidence developed in
17 discovery in this case forecloses its position that Section 6.2 imposes an unlimited
18 supply obligation on Samsung (which is what Netlist would have to show to prevail
19 in this case), and now somehow wants to take another stab at discovery in this case—
20 but it is too late for that. As Samsung will show based on the established summary
21 judgment record, the undisputed facts are that Netlist entered into a Memorandum of
22 Understanding with Samsung that set forth the supply obligation later memorialized
23 in the JDLA, and both the text of the MOU, as well as Netlist's testimony about it,
24 confirm that the supply obligation was intended to be limited to raw materials for the
25 Joint Development Project.

26 And the undisputed evidence further confirms that Netlist insisted that the final
27 deal—*i.e.*, the JDLA—must track the MOU in its particulars, which is exactly what
28 happened. Thus, there is simply no question that at the time the parties entered into

1 the JDLA, they intended that Samsung's supply obligation in Section 6.2 be limited
2 to the parties' Joint Development Project, and not an unlimited obligation to supply
3 memory chips as Netlist now claims. Unsurprisingly, the extrinsic evidence will
4 indisputably shows that the parties' course of dealing confirmed the parties' original
5 understanding that Section 6.2 was limited to memory for use in certain products—
6 specifically, NVDIMM-P—created through the Joint Development Project.

7 If, following consideration of the parties' supplemental briefing, the Court were
8 to adopt Samsung's interpretation of Section 6.2 as a matter of law, there would be
9 no need for a trial on materiality, and the Court should enter judgment in Samsung's
10 favor on both Netlist's first claim for breach of Section 6.2 and its third claim for
11 termination of the JDLA, and find that the JDLA was not validly terminated. If, on
12 the other hand, the Court determines that genuine issues of material fact exist, then
13 the case should be set for trial for a date as soon as the Court's calendar permits, and
14 a pretrial schedule set consistent with the pre-trial filing schedule outlined in the
15 Court's Order re: Jury Trial, ECF No. 41

16 **1. Netlist's Request for a Stay Should Be Denied.**

17 Netlist's request for a stay should be denied not only because it is blatantly
18 inequitable for the reasons discussed above, but also for several additional reasons
19 discussed in more detail below.

20 *First*, a stay would contradict the Ninth Circuit's mandate. The Ninth Circuit's
21 October 17, 2023 memorandum decision, ECF No. 334, and mandate, ECF No. 340,
22 remanded two issues to this Court. This Court had granted summary judgment in
23 favor of Netlist on its claim that Samsung violated Section 6.2 of the JDLA, finding
24 that the provision "unambiguously requires Samsung to supply product on Netlist's
25 request at a competitive price." Order at 6, ECF No. 186 (capitalization removed).
26 The Ninth Circuit, however, concluded that Section 6.2 of the JDLA is ambiguous as
27 a matter of law, and remanded to the Court to "consider in the first instance whether
28 the extrinsic evidence 'creates a genuine issue of material fact' as to the provision's

1 meaning.” Mem. at 5, ECF No. 334. This Court also found on summary judgment
2 that Netlist was entitled to a declaratory judgment that Netlist properly terminated the
3 JDLA. Order at 20, ECF No. 186. But the Ninth Circuit reversed, “because disputed
4 fact issues precluded summary judgment on the materiality of Samsung’s alleged
5 breach of § 6.2,” and remanded to this Court for further proceedings.³

6 The Court made clear in its November 13, 2023 minute order that this case
7 “will proceed consistent with the [Ninth Circuit’s] memorandum decision and
8 mandate.” Minute Order, ECF No. 341. And, of course, the Court is required to
9 execute the mandate. *Creech v. Tewalt*, 84 F.4th 777, 787 (9th Cir. 2023) (internal
10 quotation marks omitted) (“A district court that has received the mandate of an
11 appellate court cannot vary or examine that mandate for any purpose other than
12 executing it.”). But Netlist’s request for a stay is in effect asking the Court to ignore
13 the Ninth Circuit’s mandate—that is, Netlist is asking the Court *not to* consider the
14 extrinsic evidence concerning the scope of Section 6.2 and *not to* resolve (through a
15 jury trial) disputes of fact concerning the materiality of any breach (if necessary), and
16 instead to stay the matter and allow a different court in a different Circuit to consider
17 and resolve those issues unburdened by the Ninth Circuit’s directives. *See, e.g., In re*
18 *A.F. Moore & Assocs., Inc.*, 974 F.3d 836, 841 (7th Cir. 2020) (“A district court would
19 be in obvious dereliction of duty if it reopened a remanded case but refused to do
20 anything more because it still thought it lacked jurisdiction. . . . [T]he clear spirit of
21 our mandate entailed more than flipping a flag on the docket sheet from ‘closed’ to
22 ‘reopen.’ We presupposed that further proceeding would be had at an ordinary
23 pace.”). This case must proceed forthwith, consistent with the Ninth Circuit’s clear
24 instructions, as the Court has already indicated it intends to do.

25 *Second*, Netlist’s stay request blatantly flouts the longstanding first-to-file
26

27 ³ The Court also reversed outright this Court’s determination that Samsung had
28 breached Section 3.1 of the JDLA by erroneously but in good faith withholding
taxes on the \$8 million payment Samsung made to Netlist under the agreement.

1 rule, which provides that ordinarily, when two substantially overlapping actions are
2 filed in courts of concurrent jurisdiction, “the court which first acquired jurisdiction
3 should try the lawsuit and no purpose would be served by proceeding with a second
4 action.” *Pacesetter Sys., Inc. v. Medtronic, Inc.*, 678 F.2d 93, 95 (9th Cir. 1982).
5 The first-to-file rule “was developed to serve[] the purpose of promoting efficiency
6 well and should not be disregarded lightly.” *Alltrade, Inc. v. Uniweld Prods., Inc.*,
7 946 F.2d 622, 625 (9th Cir. 1991) (internal quotation marks omitted). “When
8 applying the first-to-file rule, courts should be driven to maximize economy,
9 consistency, and comity.” *Kohn Law Grp., Inc. v. Auto Parts Mfg. Miss., Inc.*, 787
10 F.3d 1237, 1240 (9th Cir. 2015).

11 Here, the first-to-file rule dictates that this Court resolve the questions of
12 contract interpretation and, if necessary, materiality of the alleged breach. *Id.* (stay
13 of second-filed case was appropriate where plaintiff in second-filed case asked court
14 to resolve issue at “heart” of first-filed case). But Netlist seeks to upend “sound
15 judicial administration” to manipulate the staging of the cases in its favor. Netlist
16 openly admits that it wants its later-filed Eastern District of Texas action to decide the
17 very issue that Netlist originally put before this Court—whether Netlist properly
18 terminated the JDLA because of a material breach. As the Ninth Circuit has made
19 clear, where the second-filed case between identical parties involves “*the issue to be*
20 *determined*” in the first-filed action, the rule militates in favor of a stay by the second
21 court, not the first. *Id.* at 1241.

22 To be sure, “exceptions to the rule have been allowed” where equity militates
23 against applying the rule. *Alltrade*, 946 F.2d at 628. These exceptions include
24 where the first-filed suit was brought in “bad faith” or involved “forum shopping.”
25 *Id.* But none of those reasons applies here because *Netlist* is the party that originally
26 chose to sue in this Court, and *Netlist* is the party that now seeks to engage in
27 inequitable forum shopping, because it changed its mind about which court it
28 prefers. There is no reason to take the extraordinary step of departing from the first-

1 to-file rule and allowing Netlist to ask the Eastern District of Texas to usurp this
2 Court's authority to decide the contract-interpretation and termination issues.

3 *Third*, Netlist's request for a stay is directly contrary to *Netlist's own prior*
4 *arguments* in the Eastern District of Texas that this Court's decision on contract
5 interpretation must be followed. For example, in a motion *in limine* filed in March
6 2023, Netlist sought to preclude Samsung from "presenting any argument or evidence
7 that contradicts the findings of the Central District of California's Summary Judgment
8 and Final Judgment." MIL at 7, 2:21-CV-00463, ECF No. 391 (E.D. Tex., Mar. 17,
9 2023). The next month, in a pretrial conference, Netlist told the Texas court that this
10 Court had "ruled dispositively on four issues," including that there was a broad supply
11 obligation under Section 6.2 and that the breach of that clause was material. Tr. at
12 15:20-24, 2:21-CV-00463, ECF No. 426 (E.D. Tex. Apr. 3, 2023). It would reward
13 Netlist's duplicity to permit Netlist to now reverse course on which court is the correct
14 forum to decide the issues of contract interpretation and, if necessary,
15 materiality. *Kendall-Jackson Winery, Ltd.*, 150 F.3d at 1053 (holding that party's
16 "inequitable conduct precludes it from receiving equitable relief").

17 *Fourth*, fact discovery and expert discovery in this case are completed, there is
18 an established record as to the issues subject to the Ninth Circuit's remand, and there
19 are only two narrow issues left to be determined as set forth in the Ninth Circuit's
20 mandate. Thus, efficiency dictates that this matter proceed in this Court as to those
21 two issues. Moreover, resolution in this first-filed case could be dispositive of all of
22 the issues in the Eastern District of Texas case—if there is no material breach of
23 Section 6.2, then Netlist's termination of the JDLA was invalid, and its patent
24 infringement claims cannot survive because Samsung was licensed. There is no basis
25 in efficiency to defer resolution of these potentially dispositive issues on an
26 established record in favor of a different case in a different court in which discovery
27 is ongoing and there are still complex patent infringement issues to be determined.

28 *Finally*, Netlist's argument for a stay incorrectly contends that two issues

1 should be tried together and may only be tried together in the Eastern District of
2 Texas: (1) contract interpretation, breach, and termination (*i.e.*, whether Netlist
3 validly terminated the JDLA on the ground of a material breach of Section 6.2), and
4 (2) license scope (*i.e.*, whether the JDLA grants a broad license covering Samsung
5 products, as Samsung contends, or a narrow license limited to the Joint Development
6 Project, as Netlist now contends). These issues are obviously distinct, as evidenced
7 by the fact that the license’s interpretation and validity was and is being litigated in
8 this Court and (though Netlist does not mention it) the license’s scope was never at
9 issue here but was already litigated in the Eastern District of Texas (as discussed
10 further below).

11 Indeed, Netlist’s counsel asserted in oral argument before Judge Gilstrap that
12 the question whether the pre-termination license scope was broad or limited to the
13 JDLA “wasn’t relevant to any issue that was before [the Central District of
14 California].” Tr. at 20:13-21:5, 2:21-CV-00463 (E.D. Tex.), ECF No. 426. Netlist
15 now asserts that these issues must be tried together, but it did not think so when it
16 filed suit in this Court—Netlist’s request for a declaratory judgment sought a ruling
17 that it properly terminated the patent license (along with the rest of the JDLA), but
18 did not request a declaration concerning the license scope.

19 Netlist offers no explanation for why it is so important that these two separate
20 issues be tried together, and yet Netlist did not ask this Court to do so in the first
21 instance. Certainly, Netlist offers no explanation for why its newfound desire for
22 these issues to be tried together can overcome the Ninth Circuit’s mandate and the
23 fundamental principles of equity discussed above.

24 Most importantly, Netlist fails to inform the Court that Judge Gilstrap has
25 *already adjudicated* the scope of Samsung’s pre-termination license and has already
26 rejected Netlist’s argument—Judge Gilstrap decided as a matter of law on summary
27 judgment that the pre-termination license in the JDLA was not limited to only jointly
28 developed products, *see* Order at 2, 2:21-CV-00463 (E.D. Tex.), ECF No. 432,

1 finding it “replete in the record time and time again, both from the terms of the JDLA
2 itself and the affirmative statements made by Netlist, that until July 15th, 2020,
3 Samsung had a license defense.” Tr. at 56:12-17, 2:21-CV-00436, ECF No. 426; *see*
4 *also id.* at 25:21-29:19, 39:7-40:22 (Samsung addressing the dispute over the scope
5 of the license grant); *id.* at 48:6-24 (Netlist arguing Samsung’s license under the
6 JDLA “was limited to products that were part of the joint development relationship”
7 and the accused HBM products were “not part of the joint development relationship”).

8 Netlist attempts to misrepresent that Judge Gilstrap sent the scope of the license
9 to the jury, *supra*, n.1, but that is likewise incorrect. While the Texas court initially
10 permitted the scope of the pre-termination license as to foundry products to go to the
11 jury, the court subsequently ruled against Netlist on that issue during trial as well,
12 granting judgment as a matter of law in Samsung’s favor on the remaining issues as
13 to the scope of the pre-termination license. *See* 2:21-CV-00463 (E.D. Tex.), ECF No.
14 494 (4/20/23 Trial Vol. 5 Tr.) at 1266-67. That determination is part of a final
15 judgment issued in Texas and is thus binding as a matter of collateral estoppel. *United*
16 *States v. Rigas*, 605 F.3d 194, 217 (3d Cir. 2010) (“[W]hen an issue of ultimate fact
17 has once been determined by a valid and final judgment, that issue cannot again be
18 litigated between the same parties in any future lawsuit.” (quoting *Ashe v. Swenson*,
19 397 U.S. 436, 443 (1970))). Thus, due to collateral estoppel, Netlist cannot seek to
20 reargue the scope of the JDLA license anywhere; it is conclusively bound by Judge
21 Gilstrap’s prior decision on this issue, which has now matured into a final decision of
22 the Eastern District Court of Texas.

23 And while it is true that Samsung is seeking to vacate that judgment in light of
24 the Ninth Circuit’s decision—the jury previously found patent infringement based on
25 this Court’s determination that Netlist had properly terminated Samsung’s patent
26 license, and the Ninth Circuit has now vacated that predicate determination—the
27 Eastern District of Texas judgment remains in place and continues to estop Netlist’s
28 scope-of-license argument.

1 Nor is there any merit to Netlist's claim that Samsung has taken inconsistent
2 positions in the Eastern District of Texas and the Ninth Circuit concerning the scope
3 of the license under the JDLA. As Samsung has consistently asserted across all these
4 actions, the license is broad and not limited to patents developed through the
5 NVDIMM-P joint development project. What Samsung did argue was that Netlist
6 granted Samsung a patent license in exchange for monetary payments and Samsung's
7 agreement to work with Netlist on the NVDIMM-P joint development project—
8 Netlist did not, contrary to Netlist's contention, grant Samsung a license in exchange
9 for an unlimited memory-chip supply obligation.

10 That was the point of the Ninth Circuit oral argument passage that Netlist
11 blatantly misrepresents above. Netlist quotes Samsung's counsel stating at oral
12 argument that, based on the JDLA's opening recitals, the "licenses [were] being given
13 in connection with the collaboration," i.e., the NVDIMM-P joint development project.
14 As Netlist well knows, that statement had nothing to do with the *scope* of the patent
15 license granted in the JDLA, an issue not at issue in the appeal. Rather, it was a
16 response to Netlist's argument that "the supply obligation was a primary
17 consideration for getting the licenses." Tr. at 15:7-8, 22-CV-293 (E.D. Tex.), ECF
18 No. 210-2. The obvious point of Samsung's argument was that Netlist did not grant
19 Samsung a patent license in exchange for an unlimited supply obligation. Rather,
20 Netlist granted Samsung a license in exchange for promised collaboration on the joint
21 development project, as well as up front monetary compensation. As the very next
22 line in the argument transcript (which Netlist does not quote) reflects, the point of
23 Samsung's argument was not about the scope of the license but that "Netlist got a
24 whole bunch of consideration in addition to this supply obligation." *Id.* at 15:22-23.

25 But the fact that the parties promised collaboration on the NVDIMM-P joint-
26 development project was part of the consideration for the patent license obviously
27 does not mean that the *scope* of the patent license was limited to the NVDIMM-P
28 joint-development project, and Samsung has never made any such argument—indeed,

1 Netlist's assertion about the scope of the license is plainly incorrect, as Judge Gilstrap
2 has already determined, *see supra* at 15-16.

3 Nor is there any conflict in asserting that the patent license is broad but the
4 supply obligation is limited to the Joint Development Project, as there were two
5 distinct purposes of the JDLA as expressed therein: the joint development of the new
6 NVDIMM-P product, and (2) patent cross-licensing. Indeed, the Ninth Circuit agreed
7 that these are the two stated purposes of the JDLA, and that "each substantive section
8 corresponds entirely to *one of the two goals*." Mem. at 3, ECF No. 334 (emphasis
9 added). Given those two separate purposes, it is entirely reasonable that the supply
10 obligation of Section 6.2 is limited to joint development, whereas the licenses are not.
11 And in all events, there is no reason to inject this issue into the proceedings before
12 this Court, particularly when Judge Gilstrap has already decided the scope of the pre-
13 termination license.

14 For these reasons, any attempt by Netlist to thwart the mandate of the Ninth
15 Circuit and have the issue of contract breach and termination decided in the Eastern
16 District of Texas, rather than this Court, where Netlist first filed its contract claims
17 against Samsung over three years ago, should be denied.

18 **2. Samsung's Response to Netlist's Requests for Additional** 19 **Relief**

20 Samsung will also oppose the other relief that Netlist intends to request, all of
21 which is an improper attempt to circumvent deadlines in this case that are long past.
22 Netlist states that in the event its motion for a stay of this case is not granted, it intends
23 to request that the Court permit it to file an amended pleading to add a request for
24 declaratory relief on the scope of Samsung's license, reopen fact discovery to allow
25 Netlist to use fact depositions and documents from the Eastern District of Texas
26 litigations, and reopen expert discovery to submit a supplemental expert report. Since
27 such relief would require modifying this Court's prior scheduling order, Netlist must
28

1 show “good cause.” Fed. R. Civ. P. 16(b)(4). But Netlist has failed to cite any
2 justification for the relief sought, let alone anything approaching good cause.

3 ***Amended Pleadings.*** The Court’s February 12, 2021 Order re: Jury Trial sets
4 out April 5, 2021 as the last date to hear a motion to amend pleadings. Order, ECF
5 No. 41. Netlist’s request to amend its pleadings at this stage to seek a declaration on
6 the scope of the licenses should summarily be denied as untimely under the Court’s
7 scheduling order. Netlist has made no effort to demonstrate good cause here. Nor
8 could it satisfy this standard. Netlist had every opportunity to seek a declaration on
9 the scope of the license in this case. It chose not to do so and instead chose to litigate
10 the scope of the pre-termination license in Texas, where—despite Netlist’s attempt to
11 misrepresent the Texas court’s rulings, *see supra* at 19—the court ruled against Netlist
12 on that issue. Netlist must live with that.

13 ***Use of Discovery from Eastern District of Texas.*** Fact discovery closed in this
14 case years ago, on August 16, 2021. *See* Order re: Jury Trial, ECF No. 41. Now
15 Netlists seeks to expand the record by porting over wholesale deposition transcripts
16 and documents obtained in discovery in the Eastern District of Texas. Yet again,
17 Netlist has made no effort to show good cause for reopening discovery. Netlist’s
18 request to expand the record in this case with discovery from the Eastern District of
19 Texas is a blatant attempt to circumvent prior discovery orders in this case.

20 For example, in this case, Magistrate Judge Spaeth denied Netlist’s motion to
21 compel the deposition of Jung-Bae Lee on apex grounds. Minutes of Hearing, ECF
22 No. 103. Netlist, however, successfully compelled Dr. Lee’s deposition in the Eastern
23 District of Texas case by arguing that Dr. Lee had “personal knowledge of Netlist’s
24 technologies, patent portfolio, product design, and the parties’ history of license
25 negotiations” that Netlist said was relevant to “Netlist’s willful infringement case and
26 Samsung’s patent license defenses” and Dr. Lee did not qualify for apex doctrine
27 protection. *See* 2:21-CV-00436, ECF No. 134 at 1-7 (public version of ECF No. 121)
28 at 14-19).

1 Netlist's reference to an agreement to cross-use fact depositions from this case
2 in the Eastern District of Texas is misleading. There Samsung agreed to produce
3 certain deposition transcripts from this case in exchange for Netlist's agreement, *inter*
4 *alia*, not to take certain depositions again. What Netlist seeks here is the ability to use
5 deposition transcripts from the Eastern District of Texas in place of depositions it was
6 expressly prohibited from taking in this case.⁴ Netlist also seeks to use depositions
7 taken in the Texas litigation of witnesses such as Indong Kim who were already
8 deposed in this case, apparently because Netlist feels the need to augment the record
9 in this case despite having already had a full opportunity to depose the witnesses in
10 this case.⁵

11 Netlist's attempt to expand the discovery record would—in addition to end
12 running the discovery orders in this case—create unfair prejudice and cause
13 unnecessary delay, as there was no reason to anticipate that discovery in Texas would
14 be used in this case given that discovery in this case was closed, and the parties would
15 have to be able to engage in further discovery here to respond to the discovery in
16 Texas. Moreover, Netlist has failed to show that it did not have an adequate
17 opportunity to conduct discovery in this case. Thus, any request by Netlist to reopen
18 fact discovery should be denied.

19 ***Updated Expert Reports.*** Netlist opaquely asks the Court to grant leave to file
20 “supplemental expert reports, not to include new opinions, but to update prior
21 opinions including based on information from the Eastern District.” *Supra* at 6.
22 Netlist fails to explain what issues these could possibly be or why they are relevant to
23 the issues in the Ninth Circuit's mandate, and there is no reason for the parties to
24 undertake the vast expense of another round of expert discovery. The expert
25 discovery cut off in this case likewise passed years ago. Because there should be no

26 _____
27 ⁴ As discussed above, the Court can and should decide the meaning of Section 6.2
on the original summary judgment record before it.

28 ⁵ Netlist also mischaracterizes the testimony of Mr. Kim in support of its attempt to
open the discovery record in this case.

1 new discovery, there is no need to update any expert reports. Nor has Netlist identified
2 any justification for supplementing expert reports, let alone a justification satisfying
3 the good cause standard.

4 3. **Samsung's Proposed Schedule**

5 In view of the Ninth Circuit's mandate, this Court ordered the parties to
6 "propos[e] a schedule for further proceedings." The threshold issue before the Court
7 is whether the extrinsic evidence creates a genuine issue of material fact as to the
8 meaning of Section 6.2 of the JDLA. As this issue was already briefed once, there is
9 adequate evidence in the summary judgment record for the Court to make this
10 determination. Because the prior briefing did not focus solely on the issue the Ninth
11 Circuit has now mandated be considered, Samsung proposes targeted supplemental
12 briefs to specifically address the meaning of Section 6.2, to be concurrently filed
13 within 30 days of the Court's decision following the filing of this Joint Status Report,
14 with each side having the right to file a responsive brief 15 days thereafter. This
15 supplemental briefing will allow the Court to focus its attention on the relevant
16 evidence and law and comply with the Ninth Circuit's mandate.

17 Samsung contends that the extrinsic evidence in the record demonstrates there
18 is no genuine issue of material of fact as to the meaning of Section 6.2, that Section
19 6.2 is limited to the supply of DRAM and NAND as raw materials for the parties'
20 joint development project, and that the Court should adopt Samsung's interpretation
21 as a matter of law. If the Court adopts Samsung's interpretation of Section 6.2, there
22 is no need for a trial on whether any alleged breach of Section 6.2 is material, and
23 Netlist's request for a declaration that it validly terminated the JDLA must be denied.
24 Samsung proposes that if the Court declines to adopt its interpretation of Section 6.2
25 as a matter of law, then at that time the Court should set the case for a jury trial on the
26 issues of interpretation in light of the extrinsic evidence, breach and materiality as
27 soon as the Court's schedule permits allowing for pre-trial filings on a schedule in
28 accordance with the Court's Order re: Jury Trial, ECF No. 41.

1 **III. ALTERNATIVE DISPUTE RESOLUTION**

2 The parties have met and conferred regarding the Court's offer to stay this case
3 for sixty days pending alternative dispute resolution. The parties do not believe that
4 settlement discussions would be productive at this time.

5 Respectfully submitted,

6
7 Dated: November 27, 2023

Irell & Manella, LLP

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9
10 By: /s/ A. Matthew Ashley

11 A. Matthew Ashley

12 Attorney for Plaintiff
13 Netlist, Inc.

14 Dated: November 27, 2023

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15
16
17 By: /s/ Michael Yoder

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